

02-857 HOUSEHOLD CREDIT SERVICES v. PFENNIG

Ruling below: CA 6, 295 F.3d 522.

Question Presented

In enacting the Truth in Lending Act, Congress delegated expansive authority to the Federal Reserve Board to issue implementing regulations. The Act provides that "these regulations may contain such classifications...as in the judgment of the Board are necessary" to effectuate the purposes of the statute. 15 U.S.C. § 1604(a). The Federal Reserve exercised this authority by promulgating Regulation Z, a provision of which has since 1981 excluded from the definition of "finance charge" any fees imposed "for exceeding a credit limit." 12 C.F.R. §226.4(c)(2). In *Ford Motor Credit Co. v. Milhollin*, 444 U.S. 555, 565 (1980), this Court held that the Federal Reserve's interpretations of the Truth in Lending Act are dispositive unless "demonstrably irrational." A divided panel of the Sixth Circuit nevertheless invalidated the Federal Reserve's classification of over-limit fees, holding that Regulation Z's exclusion of such fees from the finance charge conflicts with the Act's general definition of "finance charge." The question presented for review is:

Whether the Sixth Circuit improperly substituted its interpretation of the Truth in Lending Act for that of the Federal Reserve - the agency authorized by Congress to interpret the statute - in invalidating an important provision of Regulation Z that affects tens of millions of consumer credit card agreements.

CERT. GRANTED: 6/27/03